

## RESOLUTION NO. A-\_\_\_\_\_

1 A Resolution in support of Amendment 2, Proposal to amend the Nebraska Constitution,  
2 November 7, 2006 general election.

## RECITALS

## I.

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5 Advanced by the Legislature with a vote of 42-0, Amendment 2 relates to a political  
6 subdivision's ability to invest public endowment funds. Current constitutional language  
7 unnecessarily restricts such entities from investing in equity securities (i.e., stocks). This  
8 restriction, in place since 1875, was designed to protect cities and other political subdivisions  
9 from the dangers of speculation in private railroad corporations and other business ventures.  
10 Since that time, the "prudent investment standard" and other protective measures have evolved  
11 to guide trustees in making investment decisions. Thus, the dangers identified in 1875 have now  
12 passed, and it is time to modernize Article XI, Section 1 of the Nebraska Constitution.

## II.

13  
14 Amendment 2 will be particularly beneficial for entities like the Community Health  
15 Endowment in Lincoln. The City established this endowment with proceeds from the sale of  
16 Lincoln General Hospital in 1997. The fund has returned nearly \$8 million to Lincoln and the  
17 surrounding area to support health-related initiatives. Many of these initiatives involve  
18 healthcare for the poor, elderly, homeless, and mentally ill. Endowment funds have also  
19 provided assistance to agencies that serve refugee and minority populations, high-risk children,  
20 victims of domestic violence, and persons with substance addictions. This source of revenue has  
21 reduced the City's reliance on taxpayer resources and has alleviated the growing burden on

1 human service infrastructure.

2 III.

3 Amendment 2 will allow public endowments throughout Nebraska to invest in broader,  
4 more diversified portfolios that may include stocks. Most local charities, as well as most public  
5 pension funds, already enjoy this type of broader investment authority, and these entities are  
6 earning a much higher return on their investments. Endowment estimates indicate that, if it were  
7 allowed to diversify its investments to include stocks, an additional \$22 million dollars would be  
8 available for community grants and the Endowment would grow by nearly 160%, over the next  
9 20 years. With such possibilities, Amendment 2 makes public endowments a more desirable  
10 option for political subdivisions looking to provide for its citizens into the future.

11 IV.

12 Amendment 2 is about opportunities for our cities and other political subdivisions'  
13 opportunities for diversification, opportunities for growth, and opportunities to ensure long-term  
14 benefits for the residents of our communities.

15 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lincoln,  
16 Nebraska that it be on the record in wholehearted support of Amendment 2.

Introduced by:

\_\_\_\_\_

Approved as to Form & Legality:

\_\_\_\_\_  
City Attorney

Approved this \_\_\_\_ day of \_\_\_\_\_, 2006:

\_\_\_\_\_  
Mayor